

# HOUSE BILL No. 1142

---

## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 12-15.

**Synopsis:** Life insurance and Medicaid. Allows the state to use federal or state Medicaid funds to pay life insurance premiums and other costs for a Medicaid recipient or applicant who has assigned the life insurance policy to the state or made the state a beneficiary of the life insurance policy. Provides that the value of a life insurance policy that is assigned to the state or makes the state a beneficiary is disregarded in determining Medicaid eligibility.

**Effective:** July 1, 2005.

---

---

**Brown T, Grubb**

---

---

January 6, 2005, read first time and referred to Committee on Public Health.

---

---

C  
o  
p  
y



Introduced

First Regular Session 114th General Assembly (2005)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2004 Regular Session of the General Assembly.

## HOUSE BILL No. 1142

A BILL FOR AN ACT to amend the Indiana Code concerning Medicaid.

*Be it enacted by the General Assembly of the State of Indiana:*

1 SECTION 1. IC 12-15-1-20 IS ADDED TO THE INDIANA CODE  
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
3 1, 2005]: **Sec. 20. To the extent allowed by federal law, the office**  
4 **may use federal or state funds under the Medicaid program to pay**  
5 **the premiums and other expenses related to a life insurance policy**  
6 **that:**

7 (1) **is owned by an applicant or a recipient; and**

8 (2) **either:**

9 (A) **is assigned to the state; or**

10 (B) **makes the state a beneficiary in an irrevocable election.**

11 SECTION 2. IC 12-15-2-17 IS AMENDED TO READ AS  
12 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 17. (a) Except as  
13 provided in subsections (b) and (d), if an applicant for or a recipient of  
14 Medicaid:

15 (1) establishes one (1) irrevocable trust that has a value of not  
16 more than ten thousand dollars (\$10,000), exclusive of interest,  
17 and is established for the sole purpose of providing money for the

2005

IN 1142—LS 6509/DI 104+



C  
o  
p  
y

1 burial of the applicant or recipient;

2 (2) enters into an irrevocable prepaid funeral agreement having a  
3 value of not more than ten thousand dollars (\$10,000); or

4 (3) owns a life insurance policy with a face value of not more than  
5 ten thousand dollars (\$10,000) and with respect to which  
6 provision is made to pay not more than ten thousand dollars  
7 (\$10,000) toward the applicant's or recipient's funeral expenses;  
8 the value of the trust, prepaid funeral agreement, or life insurance  
9 policy may not be considered as a resource in determining the  
10 applicant's or recipient's eligibility for Medicaid.

11 (b) Subject to subsection (d), if an applicant for or a recipient of  
12 Medicaid establishes an irrevocable trust or escrow under IC 30-2-13,  
13 the entire value of the trust or escrow may not be considered as a  
14 resource in determining the applicant's or recipient's eligibility for  
15 Medicaid.

16 (c) **Except as provided under IC 12-15-3-7**, if an applicant for or  
17 a recipient of Medicaid owns resources described in subsection (a) and  
18 the total value of those resources is more than ten thousand dollars  
19 (\$10,000), the value of those resources that is more than ten thousand  
20 dollars (\$10,000) may be considered as a resource in determining the  
21 applicant's or recipient's eligibility for Medicaid.

22 (d) In order for a trust, an escrow, a life insurance policy, or a  
23 prepaid funeral agreement to be exempt as a resource in determining  
24 an applicant's or a recipient's eligibility for Medicaid under this section,  
25 the applicant or recipient must designate the office or the applicant's or  
26 recipient's estate to receive any remaining amounts after delivery of all  
27 services and merchandise under the contract as reimbursement for  
28 Medicaid assistance provided to the applicant or recipient after  
29 fifty-five (55) years of age. The office may receive funds under this  
30 subsection only to the extent permitted by 42 U.S.C. 1396p. The  
31 computation of remaining amounts shall be made as of the date of  
32 delivery of services and merchandise under the contract and must be  
33 the excess, if any, derived from:

34 (1) growth in principal;

35 (2) accumulation and reinvestment of dividends;

36 (3) accumulation and reinvestment of interest; and

37 (4) accumulation and reinvestment of distributions;

38 on the applicant's or recipient's trust, escrow, life insurance policy, or  
39 prepaid funeral agreement over and above the seller's current retail  
40 price of all services, merchandise, and cash advance items set forth in  
41 the applicant's or recipient's contract.

42 SECTION 3. IC 12-15-3-1 IS AMENDED TO READ AS

C  
o  
p  
y



FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 1. (a) Except as provided in subsection (b) **and section 7 of this chapter**, an applicant for or recipient of Medicaid is ineligible for assistance if the total cash value of money, stock, bonds, and life insurance owned by:

(1) the applicant or recipient is more than one thousand five hundred dollars (\$1,500) for assistance to the aged, blind, or disabled; or

(2) the applicant or recipient and the applicant's or recipient's spouse is more than two thousand two hundred fifty dollars (\$2,250) for medical assistance to the aged, blind, or disabled.

(b) In the case of an applicant who is an eligible individual, a Holocaust victim's settlement payment received by the applicant or the applicant's spouse may not be considered when calculating the total cash value of money, stock, bonds, and life insurance owned by the applicant or the applicant's spouse.

SECTION 4. IC 12-15-3-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 2. (a) **Except as provided in section 7 of this chapter**, if the parent of an applicant for or a recipient of assistance to the blind or disabled who is less than eighteen (18) years of age owns money, stock, bonds, and life insurance whose total cash value is more than one thousand five hundred dollars (\$1,500), the amount of the excess shall be added to the total cash value of money, stock, bonds, and life insurance owned by the applicant or recipient to determine the recipient's eligibility for Medicaid under section 1 of this chapter.

(b) However, a Holocaust victim's settlement payment received by the parent of an applicant for or a recipient of assistance may not be added to the total cash value of money, stock, bonds, and life insurance owned by the applicant or recipient to determine the recipient's eligibility for Medicaid under section 1 of this chapter.

SECTION 5. IC 12-15-3-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 3. **Except as provided in section 7 of this chapter**, if the parents of an applicant for or a recipient of assistance to the blind or disabled who is less than eighteen (18) years of age own money, stock, bonds, and life insurance whose total cash value is more than two thousand two hundred fifty dollars (\$2,250), the amount of the excess shall be added to the total cash value of money, stock, bonds, and life insurance owned by the applicant or recipient to determine the recipient's eligibility for Medicaid under section 1 of this chapter.

SECTION 6. IC 12-15-3-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 5. **Except as provided**

C  
o  
p  
y



1 **in section 7 of this chapter,** the office may set the total cash value of  
 2 money, stock, bonds, and life insurance that an applicant for or a  
 3 recipient of Medicaid may own without being ineligible for Medicaid  
 4 in cases not described in section 1 of this chapter.

5 SECTION 7. IC 12-15-3-7 IS ADDED TO THE INDIANA CODE  
 6 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
 7 1, 2005]: **Sec. 7. (a) The total value of a life insurance policy owned**  
 8 **by an applicant or a recipient may not be considered as a resource**  
 9 **in determining the applicant's or recipient's eligibility for Medicaid**  
 10 **if the applicant or recipient:**

11 (1) makes an irrevocable election to name the state as the  
 12 beneficiary of the life insurance policy; or

13 (2) assigns the insurance policy to the state.

14 (b) The state has an insurable interest in an applicant or a  
 15 recipient who assigns a life insurance policy to the state or names  
 16 the state as beneficiary of the life insurance policy under this  
 17 section.

C  
o  
p  
y

